

# IRAN'S INFLUENCE IN IRAQ

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**IRAN'S INFLUENCE IN IRAQ**

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*Disclaimer*

*The views expressed in the academic research paper are those of the author and do not necessarily reflect the official policy or position of the US Government, the Department of Defense, or any of its agencies.*

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## **ABSTRACT**

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## **LIST OF ACRONYMS AND ABBEVIATIONS**

DIME – Diplomatic, Information, Military, Economy

EFPs – Explosively Formed Penetrators

IEDs – Improvised Explosive Devices

IRGC – Islamic Revolutionary Guard Corps

ISCI – Islamic Supreme Council of Iraq

ISF – Iraqi Security Force

JAM – Jaysh al Mahdi

MNF-I – Multi-National Forces-Iraq

QF – Qods Force

SGCs – Small Group Criminals



# IRAN'S INFLUENCE IN IRAQ

## Introduction

Dealing with Iran is one of the most pressing national security concerns for the United States. The National Security Council's 2006 National Security Strategy states, "We may face no greater challenge from a single country than from Iran."<sup>1</sup> Iran specifically threatens U.S. national interests with its nuclear program, state support for terrorism, and support for insurgent groups attacking our troops in Iraq and Afghanistan. Iran has positioned itself as a major player in post Saddam Iraq to rival U.S. influence there and in the greater Middle East. Iran uses all elements of national power, Diplomatic, Information, Military, and Economic (DIME) as part of a comprehensive strategy to exert influence in Iraq.

Iran's goals for Iraq directly reflect its fundamental and enduring strategic interests: preventing chaos on its border, limiting American power-projection capability in the region, ensuring Iraq does not threaten its political or cultural integrity, and building a platform for projecting influence across the Middle East.<sup>2</sup> An additional Iranian goal in Iraq is to ensure that Iraq remains weak and subordinate to Iran.

More than thirty years after the Islamic Revolution ushered in an anti-American Islamic Republic in Iran, the threat posed by Iran continues to challenge U.S. leaders and policy makers. Iran is on the verge of developing a nuclear weapons capability over the objections of the international community and its neighbors in the region. A nuclear arms race in the Middle East is a logical outcome if Iran is allowed to develop nuclear weapons. The Sunni majority nations

will develop their own nuclear programs to defend against the potential threat from the radical Shiite regime in Iran. The proliferation of nuclear weapons in the Middle East will de-stabilize this vital region that provides most of the world's oil reserves. This instability will have dire consequences for the economic health and well being of rest of the world that depend so heavily on Middle East oil as an energy resource.

Iran is widely considered the lead state sponsor of terrorism as it provides support to terrorist organizations such as Hamas, Hizballah, and Palestinian Islamic Jihad to promote its radical agenda. There is conclusive evidence Iran supports the insurgent militia groups attacking our troops in Iraq and Afghanistan.

Iran is intent on establishing itself as the regional power in the Middle East. The U.S. has inadvertently helped Iran achieve its regional ambitions by removing two of their main enemies in Afghanistan and Iraq. The U.S. toppled the Taliban in Afghanistan on Iran's eastern border and removed Saddam Hussein's regime from power in Iraq on Iran's western border. This aided Iran's ambition to supplant the United States as the regional power in the Middle East. Iran's geographic location, literally in the center of the region and the fact that the country possesses almost 11 percent of the world's oil reserves, automatically make the Islamic Republic strategically significant. Iran's radical ideology, popular with some Shiite Islamists in the region, desires to export its Islamic Revolution, popular anti-American/anti-Israel sentiment, and the potential of achieving a nuclear capability give Iran firm footing as a force to be reckoned with in the region. The idea of Iran as a radical,



regional, nuclear power has many in the Middle East and around the world very concerned.

Iran already considers itself as the key regional power in the Middle East. Peter Khalil, former director of national security policy with the Coalition Provisional Authority said in a 2005 Council on Foreign Relations interview, “There’s a general fear among Sunni Arabs—Iraqis as well as Sunni Arabs across the region—about this growing threat of a “Shiite crescent” across the Middle East [stretching from Iran to Lebanon].”<sup>3</sup>

The U.S. invasion of Iraq in 2003 removed Saddam Hussein’s oppressive Sunni regime from power. The subsequent occupation of Iraq and the insurgency that followed set the conditions for Iran’s influence activities. Iraq under Sunni rule was the principal regional strategic counterweight to an assertive Iran.<sup>4</sup> Iran’s influence in Iraq is a natural response by a neighboring country that shares the same majority religious background. The fact that Iraq was previously run by a repressive Sunni minority religious regime who fought an eight year war against Iran provides additional incentive for Iran to exert influence in Iraq.

This research effort seeks to answer the question what is the nature of Iran’s influence in Iraq and how does this influence impact U.S. national security interests? In an effort to answer the basic research question my thesis is Iran uses all elements of national power, Diplomatic, Information, Military, and Economic (DIME) to exert its influence in Iraq. I will examine and analyze Iran’s strategy of influence in Iraq using the elements of national power and make recommendations for future policy decisions.

## **Brief History of the Conflict between Iran and the U.S.**

A brief history of the challenges between Iran and the United States begins with the Islamic Revolution in 1979 that removed the pro-American Shah Mohammad Reza Pahlavi, and replaced him with a radical anti-American Supreme Leader Ayatollah Ruhollah Khomeini. In the wake of Iran's revolution, the American Embassy in Tehran was taken over by radical followers of the Ayatollah and seventy American Diplomats were taken hostage and held for 444 days. The hostages were eventually released in 1981. In 1983 a U.S. Marine barracks in Beirut was bombed killing 241 U.S. servicemen. This vicious attack was attributed to Iranian backed Hezbollah and its agents operating in Lebanon. In a 2002 State of the Union address to the American people, President George Bush includes Iran along with North Korea and Iraq as part of what he called an "Axis of Evil." President Bush's designation embarrassed Iran and was a set back to improved diplomatic relations between the U.S. and Iran. Iran had started to work with the U.S. on improving relations just before President Bush's "Axis of Evil" designation. In 2008 General David Petraeus, commander of Multi-National Forces-Iraq (MNF-I), told congress that Iran was providing support to insurgent militia groups attacking our troops in Iraq with explosively formed projectiles. In January 2010 President Obama announced the discovery of a secret nuclear facility in Qom Iran contradicting claims by Iran that their nuclear aspirations were related to energy and power production.

The U.S. and Iran are competing for influence in Iraq and the Middle East. The U.S. wants to foster stability and democratic reform throughout the Middle

East, a region that provides over half of the world's source of oil. Iran wants to spread its revolutionary Islamic ideology and become the dominant influence in the region. They also seek to promote Shia dominance and provide state support for terrorist organizations. The U.S. and Iran have been competing for influence in Iraq since the U.S. toppled Saddam Hussein's regime in Iraq, liberated the country, and engaged in counterinsurgency operations. Iran supports some of the insurgent groups operating in Iraq. The U.S. and Iran are assisting the new government in Iraq re-establish their government, economy, and infrastructure.

### **Iran's Strategy to Influence Iraq**

Since the fall of Saddam Hussein's regime in 2003, Iran has pursued a comprehensive strategy to exert its influence in Iraq. Iran's interest in what goes on in Iraq is based on a natural association between neighboring countries. Iran and Iraq are neighbors with a long history of dealing with one another. They share strong historic, religious, economic, and cultural ties. Their often troubled relations resulted in an eight year war they fought against each other from 1980 to 1988. As we move the clock forward to 2003, Iran positioned itself to influence the new government in Iraq using all elements of national power: Diplomatic, Information, Military, and Economic (DIME). Iran has sought to achieve its goals in Iraq through several strategies: supporting pro-Iranian factions and armed militias; attempting to influence Iraqi political leaders and faction leaders; and building economic ties throughout Iraq that might accrue goodwill to Iran.<sup>5</sup> This defines the nature of Iran's intentions in Iraq as a comprehensive strategy of influence.

Dr. Joseph Felter and Brian Fishman wrote in their paper entitled *Iranian Strategy in Iraq: Politics and "Other Means"* about Iran's efforts to influence what happens in Iraq. "Iran has a robust program to exert influence in Iraq in order to limit American power projection capability in the Middle East, ensure the Iraqi government does not pose a threat to Iran, and build a reliable platform for projecting influence further abroad." <sup>6</sup> Felter and Fishman identified two main methods or modes of Iranian influence in Iraq. One mode is to project political influence using the historical relationships with various Shi'a organizations in Iraq to include the Islamic Supreme Council of Iraq (ISCI), the Badr organization, and the Dawah political party. The second method or mode of Iranian influence in Iraq is the use of the Iranian Revolutionary Guard Corps (IRGC) and Qods Force (QF) to provide paramilitary training, weapons, and equipment aid to various Iraqi militant groups to include Moqtada al Sadr's Jaysh al Mahdi (JAM) and the Special Group Criminals (SGCs). The report also identifies Iranian influence in Iraq through economic and religious initiatives. Felter and Fishman indicated that Iranian influence was inevitable with some of it being constructive and legal. However they went on to state that Iran publicly calls for stability in Iraq while subverting its government and illegally sponsoring anti-government militias.

Iran's comprehensive strategy to exert its influence in Iraq employs all elements of national power Diplomatic, Information, Military, and Economic. Iran's diplomatic influence involves activities to influence Iraq politically; Iran's information influence involves use of the media to influence the hearts and minds of the Iraqi people to gain support for Iran's overall influence strategy; Iran's

military influence provides support for Iran's political agenda in Iraq to keep U.S. forces engaged; and Iran's economic influence provides support for their economy as well as much needed support for Iraq's reconstruction, trade and economic development. The following analysis provides evidence to support Iran's strategy of influence across all elements of national power.

### **Diplomatic**

Diplomatic and political engagement is the primary vehicle that Iran uses to exert influence in Iraq. The significant diplomatic influence Iran exerts in Iraq is based on several factors. Since the fall of Saddam Hussein's regime in 2003, Iran has cultivated political and economic relations with the new Iraqi government. Iran's goal is to ensure a Shiite dominated government comes to power in Iraq. This is motivated by the fact that Iran shares the same religious background (Shi'a) with the majority (over 60%) of Iraq's population. The majority Shiite population in Iraq was oppressed by Saddam Hussein's Sunni regime. Iran has exploited ties to Shiite politicians and political parties in an effort to ensure the new government will be dominated by Shiites.

Iran's diplomatic influence in Iraq has resulted in the opening of diplomatic offices in Basra and Karbala as well as agreements on military, energy and transportation cooperation.<sup>7</sup> Iran's diplomatic clout was used to influence sympathetic Iraqi politicians during negotiations for the bilateral U.S. -Iraq Security Agreement signed in 2008. The Security Agreement outlines the U.S. security relationship with Iraq in concert with the Strategic Framework Agreement which addresses the overall U.S. relationship with Iraq. Both documents replaced the

U.N. mandate that authorized Iraq's invasion in 2003. Iran was reported to have serious reservations or suspicions that the U.S. was attempting to establish a semi-permanent presence or bases in Iraq that could be used to launch military strikes into Iran. As a result, Iran used its political influence with Iraqi politicians to have their concerns addressed in a provision of the Security Agreement that stipulated U.S. forces could not use Iraqi territory as a base for attacks on any other nation. Another provision of the Security Agreement Iran is credited with influencing was the establishment of a timeline (by the end of 2011) for the complete withdrawal of U.S. Forces from Iraq.

Major political parties in Iraq are actively seeking advice from Iran on the formation of their new government at the time of writing. Iran encouraged Iraqi Shiites to enter the post-Saddam election process led by the U.S. Just days after Iraq's recent parliamentary elections three of Iraq's four major political alliances rushed delegations to Tehran for consultations.<sup>8</sup> The fair and democratic election process the U.S. encouraged Iraqis to pursue basically guaranteed Iran's Shiite allies a greater share in an elected government since Shiites account for about 60% of the population in Iraq.

Iran's comprehensive strategy of diplomatic and political influence in Iraq has various consequences. It had been helpful in assisting Iraqis re-establish their government after Saddam Hussein's regime was toppled by U.S. and Coalition Forces. After years of sectarian cleansing by Iranian-backed Shiite cells, Iran's ties to Shi'ite political parties and politicians became useful in quelling

sectarian violence in the south. Diplomatic relations have resulted in improved border security, trade and economic agreements.

### **Information**

Iran uses the information element of national power as a lever to exert influence in Iraq. Iran uses the media extensively to effect change and influence public sentiment in Iraq. Media operations were broadcasting from Iran into Iraq just days after U.S. and coalition forces invaded the country in 2003. They negatively portrayed the occupation of Iraq by coalition forces and stoked the emotions of those who opposed Iraq's occupation. According to Michael Rubin of the American Enterprise Institute, there are three major channels associated with Iran's information operations used to influence Iraq: Iranian news agencies; Iran's Arabic language television channel; and through militia and Iraqi political proxy-run local media. Rubin said in a speech that Iran's news agencies depict the U.S. presence as occupation and those willing to cooperate with the U.S. as collaborators. This tone is meant to counteract or compete against U.S. influence in Iraq. Iran's information efforts support their overall strategy in Iraq to compete with the U.S. for influence.

The information that Iranian media outlets broadcast on post-2003 violence had various psychological effects on its audiences in Iraq. The broadcasts supported the rhetoric against the invasion and provoked insurgent militias. Broadcasting U.S. casualties also had effects on public sentiment in the U.S. and fueled the political debate concerning domestic support for the war in Iraq.

Iran's information activities in Iraq are deliberate and sophisticated. The Joint Staff Cultural Deputy Office of the Islamic Revolutionary Guards Corps produces 'Amiliyat-i Ravanshenasi (Psychological Operations), a journal which regularly explores methods and strategies to pursue Iranian objectives in Iraq at the expense of American interests.<sup>9</sup> Iran's information operations support the premise that Iran is competing with the U.S. for influence in Iraq.

Iranian information operations exploit the Iraqi Shia fear of betrayal. The U.S. did not come to the aid of Iraqi Shia who attempted to overthrow Saddam Hussein just after the first Gulf War. The coup was unsuccessful and resulted in a brutal backlash against those involved. The Shia in Iraq remember the betrayal felt by the U.S. choosing not to come to their aid. The Iranian-influenced media also broadcast messages intended to raise doubts about U.S. staying power in Iraq, advocating the idea that the U.S. will leave before the situation in Iraq is stabilized. Iran's al-Alam Arabic language television station and the proxy-run Iraqi local media depict the U.S. presence as an occupation and those willing to cooperate with the U.S. as collaborators.<sup>10</sup>

Rubin went on to say that the State Department erred when it accepted a United Nations designation as an occupying power in Iraq, which in Rubin's view was an attempt to appease allies in Europe. Iran used the designation as propaganda to incite support for Iraq's insurgency. Insurgent and militia supporters seized the opportunity to prove their rhetoric and damage the reputations of Iraqis sympathetic to the occupation. Iranian methods exploit the fears and emotions of the Iraqi people.



“On September 2, 2006, for example, Iran's semi-official Fars News Agency reported that Bush met secretly with Saddam in prison to discuss ways to increase violence in Iraq. The report also implies there could be truth behind the frequent rumors that Washington plans to restore a Baathist or Sunni strongman. Saddam's execution has not stanching the rumor mill, especially as U.S. authorities demand reconciliation with former, high-level Baathists.”<sup>11</sup>

Iranian-backed media are known to often broadcast news stories that contain propaganda messages as a way to influence the Iraqi public. For example, news stories and messages delivered by politicians sympathetic to Iran make reference to historical examples such as the U.S. departure from Saigon in 1975, Beirut in 1983, and Mogadishu in 1993 in an attempt to question the U.S. resolve. This portrayal is meant to discourage Iraqis from joining with the United States and its forces and join with Iran instead. The seed they want planted in the minds of the Iraqi public is, “The U.S. may leave, but Iran will always be there.”<sup>12</sup>

Dr. Michael Knights of The Washington Institute for Near East Policy also wrote about the range of Iran's media activities aimed at shaping public opinion in Iraq. He highlighted the speed at which the Iranian government established a range of broadcast media operations targeted at shaping Iraqi public opinion after Saddam Hussein's regime fell in 2003. An Iran-supported radio station, Voice of the Mujaheddin, was then regarded as the mouthpiece of the Supreme Council for Islamic Revolution in Iraq (SCIRI), one of the leading Iraqi Shi'a political parties, founded in and supported by Iran (later renamed ISCI). Iran broadcasts three Arabic-language radio stations from Iran's southwestern Khuzestan province near

southern Iraq. Iran also broadcasts on at least two television stations dedicated to Iraqi viewers: Sahar TV and al-Alam. Sahar TV's two satellite-only channels promote the Islamic Republic to Arab audiences. The al-Alam TV station broadcasts in both terrestrial and satellite formats from a site inside Iran not more than ninety miles away from Baghdad. Al-Alam is a popular twenty-four-hour channel similar to al-Jazeera that delivers the news and popular music videos. Iran's al-Alam is more accessible in Iraq than al-Jazeera since satellite dishes are very expensive to purchase. Additionally al-Alam is regarded by Iraqi Shiites as a local TV station instead of as a foreign outlet. "The political tone of Iranian radio and television broadcasts into Iraq focuses on opposing the U.S. occupation, exaggerating civilian casualties, and using the slogan "war for control" to describe Operation Iraqi Freedom."<sup>13</sup>

All of this information demonstrates just how seriously Iran takes the role of the media in trying to influence and stir up opinion in the Arab world and beyond - just as it tries to control the information available to its own people within the country.<sup>14</sup> Iran's use of information as an instrument of national power through the media to influence public opinion in Iraq supports their overarching strategy of influence in Iraq.

"Iran both influences and is influenced by the perceptions of its Arab neighbors. Specifically, the Iranian government's belief that it can draw support from Arab publics has impelled it toward brinksmanship and bravado in its foreign policy."<sup>15</sup>

Information operations such as using the media to spread propaganda is a vital component in Iran's strategy of influence.

## **Military**

Iran's military influence involves support to the various militias and insurgent groups operating in Iraq. Some of these groups have openly opposed the U.S. military presence in Iraq and are implicated in attacks against U.S. Forces in Iraq. "The Iranian influence in Iraq could enable Iran to retaliate against the United States should the United States succeed in persuading the United Nations to impose economic sanctions on Iran because of its nuclear program." "Iran could also execute retaliatory attacks against U.S. Forces using proxy militia groups in Iraq if the U.S. decides to take direct military action."<sup>16</sup>

Iran's programs to exert military influence in Iraq are designed to support Iran's political agenda in Iraq. The military effort that Iran projects in Iraq consists of training, equipping and providing arms and ammunition to insurgent militia groups operating in Iraq. Iran uses its Islamic Revolutionary Guard Corps (IRGC) or Pasdaran to execute its military operations in Iraq. The IRGC is a 125,000 man strong paramilitary force created to secure the regime in Iran and provide training support to terrorist groups throughout the region and beyond.<sup>17</sup> A subordinate element of the IRGC called the Qods Force was specifically created to train and assist terrorist organizations world-wide.

The IRGC-Qods Force, augmented by Lebanese Hizballah trainers, sponsor basic and advanced paramilitary training at camps for Iraqi insurgents in Iran and Lebanon. Iranian supplied weapons are being employed against Coalition and Iraqi Security Forces, including the most lethal of improvised explosive devices (IEDs), known as Explosively Formed Penetrators (EFPs). The EFPs have

a higher lethality rate than other types of improvised explosive devices and are specially designed to defeat armored vehicles used by Coalition Forces. This is especially troubling for Coalition Forces since these EFPs are able to penetrate the armor on all U.S. vehicles, including M1A1 main battle tanks. The EFPs are a roadside bomb that shoots out fist-sized wads of nearly-molten copper that can penetrate the armor protection on our combat vehicles. Iran has supplied shaped IEDs that resemble EFPs to Iraqi opposition groups since at least 2001.<sup>18</sup> Iran was said to have begun planning to confront U.S. forces in Iraq well before the 2003 invasion. Reports indicate that quickly after U.S. and Coalition forces invaded Iraq several thousand members of resistance groups moved into Iraq and attempted to seize control of various key locations in Iraq's Shiite areas.<sup>19</sup>

There is an abundance of evidence to support the military aid Iran provides to Iraqi Shiite militias. Iran has consistently supplied weapons, its own advisers, and Lebanese Hezbollah advisers to multiple resistance groups in Iraq-both Sunni and Shia-and has supported these groups as they have targeted Sunni Arabs, Coalition forces, Iraqi security forces, and the Iraqi government itself.<sup>20</sup>

Additional evidence of Iran's military influence in Iraq include information contained in a United States Institute of Peace Special Report on how Iran exerts its Influence in the Middle East by Barbara Slavin. In the Iran and Iraq section of the report Slavin discussed Iran's military role in Iraq. In 2008 Iraqi militants reportedly received a steady supply of rockets and EFPs that bear a clear Iranian signature, such as fuses made only in Iran and a special kind of copper plating.<sup>21</sup>

These weapons and tactics are responsible for countless U.S. and Coalition Force casualties.

Iran has exploited its ties to Iraqi Shiite militants and provided training and advisors to special insurgent groups operating in Iraq. The IRGC organized the Badr Brigades which are the military wing of the ISCI. The ISCI is a political party founded in Iran by Iraqi Shiites who fled or were deported from Iraq during the Iran-Iraq War. The Badr Brigades fought on the Iranian side during the 1980–88 Iran-Iraq war and recruited Iraqi Shiite prisoners of war to join its ranks. Following the U.S. invasion of Iraq in 2003, thousands of Badr members entered Iraq, along with elements of the Qods Force.<sup>22</sup>

### **Economic**

Iran exerts economic influence in Iraq in concert with its political interests and desires to help improve its own economy. The economic ties between Iran and Iraq have improved significantly since the fall of Saddam Hussein's regime and the installation of a Shiite dominated government in its place. Bilateral trade between Iran and Iraq has increased in recent years from \$1.5 billion in 2006 to \$2.8 billion in 2007 and \$4 billion at the beginning of 2009.<sup>23</sup> The two governments have engaged in a number of political exchanges since 2003 resulting in several bi-lateral economic agreements. The two countries have developed a free trade zone around the city of Basra, that also purchases its electricity from Iran.

Iraq's Prime Minister Nouri al Maliki has visited Iran several occasions to negotiate and approve economic cooperation agreements. A chronology of the visits include:

- "September 13-14, 2006, resulting in agreements on cross border migration and intelligence sharing;
- August 8-9, 2007, resulting in agreements to build pipelines between Basra and Iran's city of Abadan to transport crude and oil products for their swap arrangements (finalized on November 8, 2007); and
- January 4-5, 2009, primarily to explain to Iran the provisions of the U.S.-Iraq pact but also to continue Iraqi efforts to buy electricity from Iran."<sup>24</sup>

The high level visits to Iran clearly demonstrate the interest Iraq has in improving economic cooperation. Iran reciprocates Iraq's trade delegations with visits of its own to Iraq.

"In conjunction, Iran announced \$1 billion in credits for Iranian exports to Iraq (in addition to \$1 billion in credit extended in 2005, used to build a new airport near Najaf, opened in August 2008, which helps host about 20,000 Iranian pilgrims per month who visit the Imam Ali Shrine there). The visit also produced seven agreements for cooperation in the areas of insurance, customs treatment, industry, education, environmental protection, and transportation. In 2005, Iran agreed to provide 2 million liters per day of kerosene to Iraqis. Suggesting Iran's earlier generosity is being reciprocated, in February 2009, the Iraqi government awarded a \$1 billion contract to an Iranian firm to help rebuild Basra, and to repair ancient Persian historical sites in southern Iraq."<sup>25</sup>

Iran's President Ahmadinejad visited Iraq in 2008 as the first Iranian President to visit Iraq since the Islamic Revolution in 1979. Several additional

economic development and trade agreements were announced during his visit : A free trade zone was developed in and around the city of Basra in southern Iraq; Agreement for Iran to provide electricity to the town of Alharasa, a portion of Iraqi Kurdistan; and a plan for the city of Basra to purchase electricity from Iran.

Iran's economic initiatives in Iraq also include participation in the reconstruction effort. The Iranian government and state owned companies are investing heavily in Iraqi reconstruction projects. The Iranian government offered Iraq \$1 billion in loans to fund reconstruction projects that use Iranian contractors and equipment. In February 2009, Iran won a \$1.5 billion contract to build a complex of houses, hotels, schools, markets, and other commercial buildings in Basra.<sup>26</sup> Iran has also invested in Iraq's banking business and has opened several Iranian based banks in Iraq.

The Shiite holy cities, Najaf and Karbala, home to some of the holiest Shi'a shrines are receiving significant investment from Iranian state-owned companies. Thousands of Shiite pilgrims from Iran make annual pilgrimages to these holy sites. The pilgrims support the local economy by patronizing the hotels, restaurants, transportation and other businesses associated with the tourist industry. The Iranian government reportedly provides nearly \$20 million annually for construction projects targeted for the city of Najaf's tourism infrastructure.<sup>27</sup> There have been some negative impacts of Iran's economic initiatives in Iraq. an effort by the Iranian government to flood Iraq's markets with cheap goods—produce, construction materials, vehicles—has dramatically lowered the price of Iranian goods in the Iraqi market, stifling Iraq's economic growth.<sup>28</sup> The Iranian

government subsidizes its exports by granting “tax breaks to Iranian manufacturers and paying exporters 3% of the value of the goods they send out of the country. Iran also levies import tariffs of up to 150% on inbound goods.”<sup>29</sup> This allows for the sale of Iranian goods in Iraq below the market price and makes it nearly impossible for Iraqi merchants to compete. The agricultural sector, which once dominated Iraq’s economy, has fared particularly poorly due to Iran’s economic activities: Iraq became a net importer of food in 2008.<sup>30</sup>

Iran’s economic and trade initiatives clearly demonstrate their economic influence in Iraq.

### **Conclusion**

Iran uses all elements of national power Diplomatic, Information, Military , and Economic as levers of influence in Iraq. These elements comprise Iran’s comprehensive strategy to exert influence in Iraq. Not all of Iran’s activities directed at influencing Iraq are negative. “Iranian policy over the last five years has been two-faced: offering Iraq’s government moral support while arming militias that undermine governmental authority; funneling advanced weapons to attack its enemies, but providing humanitarian aid for the Iraqi people; and encouraging free elections, but attempting to manipulate their results.”<sup>31</sup>

Iran’s diplomatic and political influence in Iraq is their most significant vector of influence. Iran’s support for Iraq’s political parties and politicians is widespread and longstanding. Iran developed active political relationships and provides financial support to Iraq’s main Shiite political parties, the ISCI and Dawa Party. Iran also has good relations and influences Iraq’s two leading Kurdish political



parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). This political influence aids U.S. and Iraqi efforts to mold Iraq into a democracy. However Iran's ulterior motives are to ensure Iraq's government is dominated by Shiite parties and politicians friendly to Iran. Iraq's strong nationalistic views shared by both Shiite and Sunnis make it highly unlikely Iraq will become a puppet for Iran. Iran continues to reap benefits from harboring and supporting Shiite politicians and parties exiled in Iran during Saddam Hussein's oppressive Sunni regime.

Iran's information, military and economic influence serve to support Iran's overarching diplomatic or political influence agenda in Iraq. The economic influence on Iraq benefits both countries, especially in the areas of trade, transportation and economic development. However, Iran benefits more from the trade agreements based on pricing. Price controls on Iran's goods and services make them artificially cheaper than those inside Iraq. This pricing difference makes it almost impossible for Iraq's goods and services to compete with the cheaper Iranian goods and services. Iraq should work to establish fairer pricing guidelines to ensure the balance of trade between the two neighbors is equitable.

Security in Iraq remains a concern and Iran's influence has a role to play. Insurgent militia groups remain a concern in Iraq. Their activities have fueled instability and serious sectarian violence in the past. These insurgent militia groups are not currently executing high levels of violence however they retain the capability to reignite sectarian conflict and destabilize Iraq again. The violence

committed by these militias and other insurgent groups nearly escalated to civil war back in 2006.

Iraq and Iran could have good working relations and act as good neighbors to one another. Promoting Iraq's security and stability is in Iran's best interest. Persian-Arab cultural differences continue to fuel a certain level of mutual suspicion, and an ascendant sense of Iraqi nationalism serves as a buffer to Iranian ambitions.<sup>32</sup> Iran's influence has its limits. The stronger and the more stable Iraq becomes the less likely Iran's influence using the instruments of national power serve to destabilize Iraq.

### **Policy Recommendations**

The U.S. should be prepared to maintain a contingent of military advisors and trainers in Iraq after the December 2011 deadline to have all U.S. military forces out of Iraq. Delays in seating the new government and increased levels of violence in Iraq challenge the merits of pulling out all U.S. forces by the deadline set in the U.S.-Iraq Security Agreement. The Iraqi Security Force (ISF) continues to generate units and the capability to provide for Iraq's security. However shortfalls in ISF capability are predicted to persist after the U.S. military withdrawal deadline. The new government in Iraq will probably negotiate to extend the presence of U.S. military forces to assist and train the ISF. It is predicted that Iraq will still require intelligence, surveillance and reconnaissance (ISR), logistics and training support from the U.S. after the 2011 withdrawal deadline.

The U.S. should partner with Iraq and other allies in the region and pursue a comprehensive strategy to counter Iran's malign influence and nuclear ambitions.

The U.S. should negotiate a diplomatic agreement that fosters regional political, security and economic cooperation. The United States should make it clear to Iran and Syria that the U.S. is committed to supporting Iraq's democratic progress and will assist Iraq defend against threats to her sovereignty and security. The regional cooperation agreement should pursue political and economic engagement among our allies in the region. We should encourage regional political reforms and mutually beneficial trade initiatives geared to making life better for everyone not just the elite.

Whilst the U.S. should continue to try to engage Iran on its nuclear program, human rights issues, and support for terrorism, it should also build a coalition of allies in the region willing to work diplomatically against Iran's nuclear ambitions. The U.S. should step up efforts to isolate Iran from their neighbors in the region and the rest of the world for continuing to develop its nuclear program over the objections of the international community. Efforts should be made to combat Iran's information campaign to gain legitimacy among Arab neighbors in the region. This counter-information campaign should aim to counter Arab public support for Iran with an information campaign of our own.

After drawdown of U.S. Forces in Iraq is complete, the U.S. should encourage a regional security agreement between Iraq and our allies in the region. This should include efforts to plan and organize recurring exercises to test regional crisis response plans and security cooperation among our Middle East allies. This effort should also promote regional alliances that build stability and provide a counter-balance to Iran's malign influence in the region.



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